

Message Text

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SUBJECT: THIS WEEK IN VENEZUELA

REF: CARACAS 5565

SUMMARY: COPEI PRESIDENTIAL CANDIDATE ADDRESSES VENEZUELAN-AMERICAN
CHAMBER OF COMMERCE. THE SUPREME ELECTORAL COUNCIL, DIEGO ARRIA
AND THE SOCIALIST LEAGUE. GOV MAY RENEGOTIATE THE PUBLIC DEBT.
CONGRESSIONAL BUDGET PRESENTATION SCHEDULED FOR JUNE 26. AD PRESID-
ENTIAL CANDIDATE PROMISES CREATION OF A NATIONAL FISHERIES CORP-
ORATION. CHANGES IN THE MILITARY HIGH COMMAND. END SUMMARY.

1. COPEI PRESIDENTIAL CANDIDATE ADDRESSES VENEZUELAN-AMERICAN
CHAMBER.

COPEI PRESIDENTIAL CANDIDATE LUIS HERRERA CAMPINS APPEARED BEFORE
THE VENEZUELAN-AMERICAN CHAMBER OF COMMERCE JUNE 22 AND ADDRESSED
SEVERAL ISSUES OF IMPORTANCE TO THE PRIVATE SECTOR AND PARTICULARLY
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TO FOREIGN BUSINESSMEN. HIGHLIGHTS OF HIS SPEECH INCLUDED THE
FOLLOWING:

--THE PUBLIC SECTOR SHOULD RETAIN CONTROL OF THE PETRO-CHEMICAL
INDUSTRY BUT PERMIT PRIVATE SECTOR PARTICIPATION IN THE "SECONDARY
AND TERTIARY PRODUCTION PROCESSES."

--VENEZUELA SHOULD NEGOTIATE MANAGEMENT CONTRACTS WITH FOREIGN
COMPANIES TO INSURE THE PETROCHEMICAL INDUSTRY IS RUN EFFICIENTLY

AND USES THE LATEST TECHNOLOGY.

--IT IS NECESSARY TO IMPROVE THE GENERAL CLIMATE FOR FOREIGN INVESTMENT THROUGH A REDUCTION IN CONTROLS AND BUREAUCRATIC DELAYS. HOWEVER, VENEZUELA'S FOREIGN INVESTMENT POLICY SHOULD REMAIN CONSISTENT WITH ANDEAN PACT GUIDELINES.

--GOVERNMENT PRICE AND INTEREST RATE POLICY SHOULD BE MORE FLEXIBLE.

--HIS GOVERNMENT WOULD EXERCISE FISCAL RESTRAINT AND PURSUE A MORE CONSERVATIVE PUBLIC BORROWING POLICY.

2. THE SUPREME ELECTORAL COUNCIL, DIEGO ARRIA, AND THE SOCIALIST LEAGUE.

ON JUNE 21, THE SUPREME ELECTORAL COUNCIL (CSE, VENEZUELA'S ELECTION WATCHDOG AGENCY) REJECTED A REQUEST BY SUPPORTERS OF INDEPENDENT PRESIDENTIAL ASPIRANT DIEGO ARRIA TO PERMIT THEM TO USE THE NAME "COMMON CAUSE-DIEGO ARRIA" NOTING THAT THE ELECTORAL LAW REQUIRES PRESIDENTIAL CANDIDATES TO OBTAIN 25,000 SIGNATURES BEFORE REGISTERING

AS RECOGNIZED POLITICAL MOVEMENTS. ARRIA SUPPORTERS SAID THAT THEY ARE

CONVINCED THEY WILL BE ABLE TO OBTAIN THE SIGNATURES BEFORE THE JULY 31 DEADLINE. IN A SEPARATE ACTION, INTERIOR MINISTER LEPAGE ASKED THE CSE TO DENY THE RADICAL FRONT-GROUP "SOCIALIST LEAGUE" OFFICIAL STATUS EITHER REGIONALLY OR NATIONALLY BECAUSE OF MASSIVE FRAUD INVOLVING THE PARTY'S DOCUMENTATION PRESENTED TO THE CSE FOR RECOGNITION. THE LEAGUE USED THE NAMES OF THE DEAD, MINORS, AND FOREIGNERS ACCORDING TO LEPAGE, AS WELL AS FALSE AND LIMITED OFFICIAL USE

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EXPIRED IDENTITY CARDS(SEE SEPTTEL).

3. GOV MAY ATTEMPT RENEGOTIATION OF PUBLIC DEBT.

MINISTER OF FINANCE SILVA LUONGO ANNOUNCED JUNE 20 THAT THE GOVERNMENT

MAY SEEK TO RENEGOTIATE A MAJOR PORTION OF OUTSTANDING PUBLIC (MOSTLY EXTERNAL) DEBT. AT THE END OF APRIL 1978, PUBLIC DEBT TOTALLED BS. 38,372 MILLION (\$8,924 MILLION), UP ABOUT BS. 20 BILLION (\$4.65 BILLION) FROM A YEAR AGO. OF THIS AMOUNT, BS. 23 BILLION (\$5.34 BILLION) IS EXTERNAL DEBT. AS REPORTED IN 77 CARACAS A-153, VENEZUELAN PUBLIC DEBT SERVICE REQUIREMENTS PEAK IN THE 1981-83 PERIOD AND DECLINE SHARPLY THEREAFTER. ACCORDING TO THE FINANCE MINISTER, THE GOV WOULD SEEK TO LENGTHEN THE TERM OF SOME OUTSTANDING DEBT, THUS REDUCING DEBT SERVICE PAYMENTS IN THESE PEAK YEARS.

4. CONGRESSIONAL BUDGET PRESENTATION SCHEDULED FOR JUNE 26.

THE MINISTER OF FINANCE HAS ANNOUNCED THAT THE PRELIMINARY 1979 BUDGET WILL BE PRESENTED TO THE CONGRESS JUNE 26. THE BUDGET REPORT-EDLY WILL CALL FOR TOTAL EXPENDITURES OF BS. 46 BILLION (\$10.7 BILLION), OR ABOUT BS. 2 BILLION (\$465 MILLION) ABOVE THE TOTAL CONTAINED IN THE 1978 BUDGET PRESENTATION, BUT WELL BELOW THE BS.

56 BILLION (\$13 BILLION) THAT MOST OBSERVERS BELIEVE ACTUALLY WILL BE SPENT IN 1978. A SPECIAL ANNEX TO THE BUDGET WILL REVIEW AND DEFEND TOTAL GOVERNMENT SPENDING DURING THE FIVE YEARS OF THE PEREZ ADMINISTRATION. PRESUMABLY THIS IS BEING DONE IN RESPONSE TO MOUNTING CRITICISM OF THE GOVERNMENT'S HANDLING OF THE INFLUX OF OIL REVENUE SINCE 1974, ESTIMATED AT BS. 217 BILLION OR \$50.7 BILLION.

5. PINERUA WOULD CREATE NATIONAL FISHERIES CORPORATION. DURING A CAMPAIGN SPEECH IN CUMANA, A FISHING TOWN IN THE STATE OF SUCRE IN EASTERN VENEZUELA, PRESIDENTIAL CANDIDATE PINERUA PROMISED THAT, IF ELECTED, HE WOULD ESTABLISH AN AUTONOMOUS GOVERNMENT AGENCY CALLED THE NATIONAL FISHERIES CORPORATION. THE NEW AGENCY WOULD BE LOCATED IN CUMANA AND SERVE AS A FOCAL POINT FOR THE GOVERNMENT'S EFFORTS TO DEVELOP THE FISHERIES INDUSTRY. ITS RESPONSIBILITIES LIMITED OFFICIAL USE

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WOULD INCLUDE PREPARATION OF A FISHERIES DEVELOPMENT PLAN, ADMINISTRATION OF GOVERNMENT RESOURCES EARMARKED FOR FISHERIES, AND THE ESTABLISHMENT OF A TECHNICAL SERVICES NETWORK WITH OFFICES IN FISHING PORTS TO ADVISE AND ASSIST FISHERMEN.

6. CHANGES IN MILITARY HIGH COMMAND.

THE DEFENSE MINISTER ANNOUNCED CHANGES THIS WEEK AMONG THE COMMANDERS OF THE ARMY AND THE ARMED FORCES OF COOPERATION. MAJOR GENERAL ARNALDO CASTRO HURTADO WILL ASSUME COMMAND OF THE ARMY ON JUNE 22 REPLACING MAJOR GENERAL BRANDT TORRELLAS. BRIGADIER GENERAL (TO BE PROMOTED TO MAJOR GENERAL ON JULY 3) ALVARO GONZALEZ MARQUEZ WILL ASSUME COMMAND OF THE ARMED FORCES OF COOPERATION ON JUNE 28 IN PLACE OF MAJOR GENERAL GONZALEZ MORA. COMMENT: THESE CHANGES IN MILITARY LEADERSHIP ARE A RESULT OF THE NORMAL SCHEDULED RETIREMENT OF THE PREVIOUS COMMANDERS. END COMMENT.

7. OTHER REPORTING THIS WEEK INCLUDED THE VENEZUELAN AMBASSADOR TO MOSCOW RETURNS HOME (CARACAS 5590), THE VISIT OF A PRC DELEGATION (CARACAS 5621), A REQUEST FOR DISASTER RELIEF MATERIALS (CARACAS 5700), AN ASSESSMENT OF INSURGENCY IN VENEZUELA (CARACAS 5726), ENERGY TECHNOLOGY COOPERATION WITH VENEZUELA--VISIT OF DOE TEAM ON ENHANCED OIL RECOVERY (CARACAS 5632), A MEETING OF THE VENEZUELAN FEDERATION OF CHAMBERS OF COMMERCE (CARACAS 5678), OIL COMPANY PROBLEMS (CARACAS 5685), RECENTLY ARRIVED NICARAGUAN EXILES INTERVIEWED BY LOCAL PRESS (CARACAS 5875), AND LESSONS LEARNED FROM THE BORDONI EXTRADITION CASE (CARACAS 5889).VAKY

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